

PUBLIC DISCLOSURE

June 6, 2022

COMMUNITY REINVESTMENT ACT PERFORMANCE EVALUATION

State Bank of India (California)
Certificate Number: 23998

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Los Angeles, California 90017

Federal Deposit Insurance Corporation
Division of Depositor and Consumer Protection
San Francisco Regional Office

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San Francisco, California 94105

This document is an evaluation of this institution's record of meeting the credit needs of its entire community, including low- and moderate-income neighborhoods, consistent with safe and sound operation of the institution. This evaluation is not, nor should it be construed as, an assessment of the financial condition of this institution. The rating assigned to this institution does not represent an analysis, conclusion, or opinion of the federal financial supervisory agency concerning the safety and soundness of this financial institution.

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INSTITUTION RATING

INSTITUTION'S CRA RATING: State Bank of India (California) (SBOIC) is rated **Outstanding**.

An institution in this group has an outstanding record of helping to meet the credit needs of its assessment area, including low- and moderate-income neighborhoods, in a manner consistent with its resources and capabilities.

The Lending Test is rated Outstanding.

- The loan-to-deposit (LTD) ratio is more than reasonable given the institution's size, financial condition, and assessment area (AA) credit needs.
- The bank made a majority of its small business loans within its AAs.
- The geographic distribution of loans reflects excellent dispersion throughout its AAs.
- The distribution of borrowers reflects, given the demographics of the AAs, excellent penetration among businesses of different revenue sizes.
- The institution did not receive any CRA-related complaints since the previous evaluation; therefore, this factor did not affect the Lending Test rating.

The Community Development Test is rated Outstanding.

The institution's community development (CD) performance demonstrates excellent responsiveness to CD needs in its AAs through CD loans, qualified investments, and CD services, as appropriate, considering the institution's capacity and the need and availability of such opportunities for CD activities in the institution's AAs.

DESCRIPTION OF INSTITUTION

Background

SBOIC is a state-chartered commercial bank founded in 1982. The bank's headquarters is in Los Angeles, California. SBOIC is a wholly-owned subsidiary of its parent bank State Bank of India (SBI). SBI is the largest commercial bank in India in terms of assets, deposits, profits, branches, customers, and employees. SBI is headquartered in Mumbai, India, and has over 22,500 branches in India with 190 offices in 36 countries around the world. In addition to SBOIC, SBI's United States operations consist of an agency office in Los Angeles, California and insured branches in Chicago, Illinois and New York City, New York. The government of India owns a controlling interest in SBI of approximately 52.0 percent. Based on Interagency Intermediate Small Institution Examination Procedures, SBOIC received a "Satisfactory" CRA Rating at its previous FDIC CRA Evaluation on April 1, 2019.

Operations

SBOIC operates seven full-service branches along with an administrative office within five AAs. Of the seven branches, two (Fresno and Fremont) are in moderate-income census tracts (CTs), two (San Jose and San Diego) are in middle-income CTs, two (Cerritos and Woodland Hills) are in upper-income CTs, and one (downtown Los Angeles) is in a CT with no income designation. All branches operate business hours Monday through Friday from 9:00 a.m. to 4:00 p.m. The Cerritos, Fremont, and San Jose branches also offer Saturday banking hours from 10:00 a.m. to 2:00 p.m.

During the evaluation period, SBOIC did not open any new or close any existing branches. No merger or acquisition activities occurred since the prior evaluation. SBOIC's primary business focus is serving medium and large businesses, especially Indian-owned businesses in California, by providing a broad range of products and services. Consumer deposit products and services include checking and savings accounts, money market accounts, certificate of deposit accounts, safe deposit box services, night depository services, wire transfers, remittance transfer services, and services for non-resident Indians, such as a rupee-denominated account. SBOIC does not originate any residential or consumer loan products.

Business deposit accounts and services include business checking and savings, business money market, certificate of deposit, attorney trust accounts, remote deposit capture services, international trade finance, and night depository services. Business loan products include commercial credit lines, commercial term loans, and commercial real estate purchases and refinancing. The bank's commercial real estate loans focus on the purchase and renovation of hotels and motels, gas stations, office buildings, and shopping complexes as well as commercial real estate lines of credit. SBOIC is a Small Business Administration (SBA) approved lender offering both SBA 7(a) and 504 loans.

As of December 31, 2021, SBOIC's assets totaled approximately \$936.2 million and included total loans of \$795.8 million and total securities of \$101.7 million. The bank reported deposits of \$764.3 million. The loan portfolio is illustrated in the following table.

Loan Portfolio Distribution as of December 31, 2021		
Loan Category	\$(000s)	%
Construction, Land Development, and Other Land Loans	12,507	1.6
Secured by Farmland	64	0.0
Secured by 1 to 4 Family Residential Properties	0	0.0
Secured by Multi-family (5 or more) Residential Properties	46,762	5.9
Secured by Non-farm Non-Residential Properties	484,285	60.9
Total Real Estate Loans	543,618	68.3
Commercial and Industrial Loans	233,446	29.3
Agricultural Production and Other Loans to Farmers	0	0.0
Consumer	0	0.0
Other Loans	20,345	2.6
Less: Unearned Income	1,654	0.3
Total Loans	795,755	100.0%
<i>Source: December 31, 2021 Reports of Condition and Income</i>		

Examiners did not identify any financial, legal, or other impediments that affect the bank's ability to meet AA credit needs.

DESCRIPTION OF ASSESSMENT AREAS

The CRA requires each financial institution to define one or more AAs within which its CRA performance will be evaluated. SBOIC designated five AAs throughout California. The five individual AAs are the following:

- **Los Angeles AA** – Los Angeles County, which comprises the Los Angeles-Long Beach-Glendale, California MD #31084.
- **San Jose AA** – Santa Clara County, which is one of two counties in the San Jose-Sunnyvale-Santa Clara, California MSA #41940.
- **San Diego AA** – San Diego County, which comprises the San Diego-Chula Vista-Carlsbad, California MSA #41740.
- **Fremont AA** – a contiguous area that includes the Cities of Fremont, Newark, and Union City known as the tri-city area contained within Alameda County. These three cities are part of the Oakland-Berkeley-Livermore, California MD #36084.
- **Fresno AA** – Fresno County, which comprises the Fresno, California MSA #23420.

The following table shows the number of CTs and distribution of branches within each AA.

Description of Assessment Areas			
Assessment Area	Counties in Assessment Area	# of CTs	# of Branches
Los Angeles AA	Los Angeles	2,346	3
San Jose AA	Santa Clara	372	1
San Diego AA	San Diego	628	1
Fremont AA	Alameda	66	1
Fresno AA	Fresno	199	1
Total		3,611	7
<i>Source: Bank Records</i>			

The bank's AAs comply with all of the technical requirements of the CRA regulation, contains whole geographies, does not arbitrarily exclude any low- and moderate-income (LMI) areas, and does not reflect illegal discrimination. Refer to the individual AA sections of this evaluation for details on the bank's operations in each AA and relevant economic, demographic, and competition information.

Designated Disaster Areas

For Federal Emergency Management Agency designated disaster areas, examiners considered bank relief activities that revitalize or stabilize designated disaster areas. On March 22, 2020, the agency declared the COVID-19 pandemic disaster which impacted all of the institution's AAs.

SCOPE OF EVALUATION

General Information

This evaluation covers the period from the prior performance evaluation dated April 1, 2019 to the current performance evaluation dated June 6, 2022. Examiners used the Interagency Intermediate Small Institution Examination Procedures to evaluate SBOIC's CRA performance.

Of the bank's five AAs, examiners evaluated the performance in two AAs (Los Angeles and San Jose) using full-scope examination procedures. The Los Angeles AA represents the bank's largest AA based on footprint, operations, and volume of activities. As a result, examiners placed more weight on the bank's performance in the Los Angeles AA. Additionally, examiners selected the San Jose AA for full-scope examination procedures as the prior two examinations used limited-scope examination procedures. Examiners evaluated performance in the Fremont, Fresno, and San Diego AAs using limited-scope examination procedures.

Activities Reviewed

Based on bank records, examiners determined that the bank's major product line is small business loans as the bank is primarily a commercial lender. No other loan types, such as small farm loans, mortgage loans, or consumer loans, represent a major product line. Therefore, these products provide no material support for conclusions or ratings and were not analyzed nor presented.

For the Lending Test, the bank originated 75 small business loans totaling approximately \$23.6 million in 2019, 125 small business loans totaling approximately \$27.0 million in 2020, and 130 small business loans totaling approximately \$22.1 million in 2021. For the evaluation period, these totals represent the annual universe used for analysis under the Lending Test. Due to the lending volume fluctuations, examiners analyzed and presented all three years of lending data. In 2020 and 2021, SBOIC experienced an increase in small business loan originations due to the coronavirus diseases pandemic and subsequent creation of the Paycheck Protection Program (PPP) administered through the SBA. The bank originated 120 PPP loans totaling \$20.1 million.

While number and dollar volume of loans are presented, examiners emphasized performance by number of loans because it is a better indicator of the number of businesses served. The institution's lending performance is compared to the 2019, 2020, and 2021 D&B data.

The evaluation of CD activities includes all qualified activities between April 1, 2019 and June 6, 2022. The evaluation of the bank's CD activities is limited to those loans, investments, and services for which management could demonstrate met the primary purpose of CD. Examiners evaluated CD activities quantitatively based on the financial capacity of the bank, and qualitatively based upon the impact to the AAs. Examiners compared the institution's CD performance with its performance at the previous evaluation. Where feasible, examiners also considered the performance of comparable institutions for comparison.

CONCLUSIONS ON PERFORMANCE CRITERIA

LENDING TEST

The Lending Test is rated Outstanding. Geographic Distribution and Borrower Profile performance primarily support this conclusion.

Loan-to-Deposit Ratio

SBOIC's average net LTD ratio is more than reasonable given the institution's size, financial condition, and AA credit needs. The bank's average net LTD ratio, calculated from FFIEC Call Report data, averaged 100.5 percent over the past 11 calendar quarters from June 30, 2019, to December 31, 2021. The ratio ranged from a low of 91.8 percent as of June 30, 2021, to a high of 105.0 percent as of September 30, 2020. The LTD ratio remained stable during the evaluation period and was in line with bank's performance at the prior evaluation, where it averaged 101.2 percent and was rated more than reasonable. The table below compares the bank's LTD ratio to comparable institutions. Examiners selected the comparable institutions based on asset size, loan portfolio composition, and geographic location.

Loan-to-Deposit Ratio Comparison		
Bank	Total Assets as of 12/31/2021 (\$000s)	Average Net LTD Ratio (%)
State Bank of India (California)	936,185	100.5
Similarly-Situated Institution #1	706,055	97.7
Similarly-Situated Institution #2	573,753	81.5
<i>Source: Reports of Condition and Income 6/30/2019 through 12/31/2021</i>		

Assessment Area Concentration

During the evaluation period, SBOIC made a majority of its small business loans by number and dollar volume within the bank's AAs. The following table shows the bank's performance by year.

Lending Inside and Outside of the Assessment Area										
	Number of Loans					Dollar Amount of Loans \$(000s)				
Loan Category	Inside		Outside		Total	Inside		Outside		Total
	#	%	#	%	#	\$	%	\$	%	\$(000s)
Small Business										
2019	59	78.7	16	21.3	75	16,775	71.1	6,809	28.9	23,584
2020	89	71.2	36	28.8	125	20,902	77.3	6,128	22.7	27,030
2021	93	71.5	37	28.5	130	16,509	74.9	5,542	25.1	22,051
Total	241	73.0	89	27.0	330	54,186	74.6	18,479	25.4	72,665
Source: Bank Data										
Due to rounding, totals may not equal 100.0%										

Geographic Distribution

SBOIC's geographic distribution of loans reflects excellent dispersion throughout the AAs. This conclusion is primarily supported by excellent performance in the Los Angeles AA, although performance is not consistent throughout the AAs. Examiners focused on the percentage by number of loans in LMI CTs. Refer to each full- and limited-scope AAs' Geographic Distribution criterion section for a detailed analysis.

Borrower Profile

SBOIC's distribution of borrowers reflects excellent penetration among business customers of different revenue sizes in the AAs. This conclusion is primarily supported by excellent performance in the Los Angeles AA, although performance is not consistent throughout the AAs. Refer to each full- and limited-scope AAs' Borrower Profile criterion section for a detailed analysis.

Response to Complaints

SBOIC has not received any CRA-related complaints since the prior CRA performance evaluation; therefore, this criterion did not affect the Lending Test rating.

COMMUNITY DEVELOPMENT TEST

SBOIC is rated “Outstanding” under the CD Test. The bank’s CD performance demonstrates excellent responsiveness to the CD needs in its AAs through CD loans, qualified investments, and CD services. Examiners considered the institution’s capacity as well as the need and availability of such opportunities.

Community Development Loans

SBOIC originated 51 CD loans totaling \$159.1 million since the previous evaluation. Controlling for the length of the evaluation period, the current performance exceeds that of the prior evaluation where the institution originated 14 CD loans totaling \$47.5 million. Overall, SBOIC’s CD lending represents strong responsiveness to opportunities in its AAs. The following table illustrates CD loans originated by rated area.

Community Development Lending by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles AA	8	6,711	-	-	-	-	-	-	8	6,711
San Jose AA	-	-	-	-	-	-	-	-	-	-
San Diego AA	2	1,284	-	-	-	-	-	-	2	1,284
Fremont AA	-	-	-	-	-	-	-	-	-	-
Fresno AA	-	-	-	-	5	24,329	5	9,866	10	34,195
Statewide Activities	2	2,800	6	32,500	-	-	-	-	8	35,300
Regional Activities	4	10,550	-	-	19	71,052	-	-	23	81,602
Total	16	21,345	6	32,500	24	95,381	5	9,866	51	159,092
<i>Source: Bank Records</i>										

SBOIC’s dollar volume of CD lending represents 18.2 percent of average total assets and 22.1 percent of average total loans since the previous evaluation. Without SBA PPP loans, CD lending represents 17.4 percent of average total assets and 21.2 percent of average total loans. Each set of ratios compares favorably to a similarly situated institution which also had a strong performance, and to the 6.6 percent of average total assets and 7.9 percent of average total loans noted at the previous evaluation.

SBOIC’s CD lending included 8 statewide CD loans totaling \$35.3 million that had a direct benefit to several of the bank’s AAs. These CD loans were originated to two statewide financial CDFIs and a Community Reinvestment Corporation. Lastly, since the bank met the credit needs and was responsive to the opportunities of its AAs, examiners also considered regional activities. SBOIC originated 23 qualified CD loans totaling \$81.6 million within the broader region. The majority of the bank’s total CD loans supported economic development activities by helping small businesses create and retain LMI jobs. Refer to the full-scope AA sections of this evaluation for additional examples of CD loan activity during the evaluation period.

Qualified Investments

During the evaluation period, SBOIC made or continued to hold 26 equity investments totaling approximately \$29.6 million and made 162 grants and donations totaling approximately \$164,000. When controlling for the length of the evaluation period, the current performance is below the performance at the prior evaluation by dollar volume but exceeds by number of investments. The majority of these investments support affordable housing, representing strong responsiveness to an identified CD need throughout the AAs. The following table illustrates qualified equity investments and donations by AA.

Qualified Investments by Assessment Area										
Assessment Area	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Los Angeles AA	1	249	-	-	4	996	-	-	5	1,245
San Jose AA	3	2,371	-	-	-	-	-	-	3	2,371
San Diego AA	3	5,126	-	-	-	-	-	-	3	5,126
Fremont AA	1	447	-	-	-	-	-	-	1	447
Fresno AA	-	-	-	-	-	-	1	3,052	1	3,052
Statewide Activities	11	16,608	1	500	1	250	-	-	13	17,358
Subtotal	19	24,801	1	500	5	1,246	1	3,052	26	29,599
Qualified Grants & Donations	42	39	94	96	15	19	11	10	162	164
Total	61	24,840	95	596	20	1,265	12	3,062	188	29,763
<i>Source: Bank Records</i>										

This performance represents 2.9 percent of average total assets and 26.1 percent of average total securities since the previous evaluation. This level of performance is slightly weaker compared to the previous evaluation where qualified equity investments and grants represented 3.5 percent of average total assets and 30.5 percent of average total securities. However, the current performance compares favorably to a similar institution which also had a strong performance.

Ten statewide investments directly benefited the bank's AAs, and 5 of these investments were prior period investments that benefited affordable housing initiatives. Since the bank was responsive to the needs and opportunities of its AAs, examiners also considered three prior period affordable housing investments totaling \$6.6 million. The investments did not directly benefit the bank's AAs but did provide affordable housing benefits in the State of California. Refer to the full-scope AA sections for specific details of CD investment activity during the evaluation period.

Community Development Services

During the evaluation period, 83 bank employees provided 2,409 hours of financial expertise or technical assistance to 35 organizations. When controlling for the length of the evaluation period, the current evaluation exceeds the performance at the last evaluation when the bank provided 834 hours of CD service hours. The following table illustrates the CD service hours by rated area.

Community Development Services by Assessment Area					
Assessment Area	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Los Angeles AA	12	1,668	44	5	1,729
San Jose AA	22	53	-	-	75
San Diego AA	23	29	-	22	74
Fremont AA	-	386	8	-	394
Fresno AA	12	125	-	-	137
Total	69	2,261	52	27	2,409
<i>Source: Bank Records</i>					

This performance is noteworthy considering that the coronavirus disease pandemic affected opportunities and capacity to provide CD services in 2020 and 2021. The level of CD services compares favorably to a similarly situated institution that also had a strong performance. Refer to individual AA sections for additional information, notable examples, and for a breakdown of CD services by year and purpose.

DISCRIMINATORY OR OTHER ILLEGAL CREDIT PRACTICES REVIEW

The institution's compliance with the laws relating to discrimination and other illegal credit practices was reviewed, including the Fair Housing Act and the Equal Credit Opportunity Act. Examiners did not identify any discriminatory or other illegal credit practices.

LOS ANGELES ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN LOS ANGELES

The Los Angeles AA consists of Los Angeles County. SBOIC currently operates three branches in this AA, and did not open or close any branches in this AA since the prior evaluation. The AA consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes all of the geographies where the bank's branches are located. The largest percentage of SBOIC's lending and CD activities are contained within this AA, which is consistent with its footprint and resources.

Economic and Demographic Data

Based on the 2015 ACS Census data, the Los Angeles AA consists of 2,346 CTs, of which 221 are low-, 673 are moderate-, 584 are middle-, 816 are upper-income, and 52 have no income designation. The following table illustrates select demographic, housing, and business information within the Los Angeles AA.

Demographic Information of the Assessment Area						
Assessment Area: Los Angeles AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	2,346	9.4	28.7	24.9	34.8	2.2
Population by Geography	10,038,388	8.6	29.3	26.3	35.1	0.8
Housing Units by Geography	3,476,718	7.8	26.3	24.8	40.6	0.5
Owner-Occupied Units by Geography	1,499,879	2.4	17.2	26.6	53.7	0.1
Occupied Rental Units by Geography	1,763,190	12.2	34.2	23.6	29.2	0.9
Vacant Units by Geography	213,649	8.7	25.4	22.8	42.2	1.0
Businesses by Geography	1,150,937	4.7	19.2	21.2	52.6	2.3
Farms by Geography	10,514	3.0	17.3	24.2	54.3	1.2
Family Distribution by Income Level	2,186,485	24.5	16.3	16.7	42.4	0.0
Household Distribution by Income Level	3,263,069	25.9	15.4	15.8	43.0	0.0
Median Family Income MSA - 31084 Los Angeles-Long Beach- Glendale, CA		\$62,703	Median Housing Value			\$495,540
			Median Gross Rent			\$1,292
			Families Below Poverty Level			14.3%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2021 D&B data, there are 1.2 million businesses in the AA of which 1.0 million have revenues of \$1 million or less. Gross annual revenues (GARs) for these businesses are as follows:

- 91.0 percent have revenues of \$1 million or less,
- 3.6 percent have revenues more than \$1 million, and

- 5.5 percent did not report revenues.

Service industries represent the largest portion of businesses at 38.5 percent followed by non-classifiable establishments at 23.8 percent; retail trade at 11.1 percent; and finance, insurance, and real estate at 9.9 percent. Approximately 62.1 percent of businesses have 4 or fewer employees and 94.0 percent operate from a single location.

The FFIEC publishes annual estimates of updated median family incomes by MSA or MD. The following table shows FFIEC-estimated median family incomes in the Los Angeles AA throughout the evaluation period.

Los Angeles-Long Beach-Glendale, CA Median Family Income (31084)				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$73,100)	<\$36,550	\$36,550 to <\$58,480	\$58,480 to <\$87,720	≥\$87,720
2020 (\$77,300)	<\$38,650	\$38,650 to <\$61,840	\$61,840 to <\$92,760	≥\$92,760
2021 (\$80,000)	<\$40,000	\$40,000 to <\$64,000	\$64,000 to <\$96,000	≥\$96,000
<i>Source: FFIEC</i>				

Los Angeles County

Based on Moody's Analytics published as of March 2022, recovery in area is underperforming the state and U.S. employment averages. While healthcare and logistics have recovered, gains in finance, entertainment, and professional business services are hindering the recovery. Economic strengths include strong healthcare, a growing tech sector, entertainment, tourism, and fashion. Economic weaknesses include high costs and the area is susceptible to natural disasters. The top employers include the Cedars-Sinai Medical Center, the Los Angeles International Airport, and the University of California.

Competition

This AA is highly competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 99 financial institutions operated 1,634 branch offices within the Los Angeles AA. Of these institutions, SBOIC ranked 58th with less than 1.0 percent deposit market share. The top 3 financial institutions account for 44.5 percent of the total deposit market share: Bank of America, National Association (N.A.) at 16.5 percent; JPMorgan Chase Bank, N.A. at 15.1 percent; and Wells Fargo Bank, N.A. at 12.9 percent.

SBOIC is not required to report small business loan data and has elected not to do so. However, reported aggregate loan data is an indicator of the competition and demand for small business loans in the AA. According to the 2020 aggregate reported data, which is the most recent data available as of the evaluation date, 343 institutions reported 387,898 small business loans in the Los Angeles AA, indicating a highly competitive market for small business loans. The 5 most prominent small business lenders accounted for 61.6 percent of total market share: American Express National Bank

at 17.3 percent; Bank of America, N.A. at 15.3 percent; Chase Bank USA, N.A. at 13.4 percent; Wells Fargo Bank, N.A. at 10.5 percent; and Citibank, N.A. at 5.0 percent.

Community Contact

As part of the evaluation process, examiners contact third party organizations in the AA to assist in identifying the credit and community needs of the AA. Examiners reviewed an existing community contact who works for an organization that offers comprehensive services and funding for small businesses including, business development, financial education, energy efficiency programs, and housing. The contact mentioned that a current credit need for small business owners is to assist with the impact of the pandemic by providing loans under \$50,000. The business sectors that have been hardest hit by the pandemic and in the most need are restaurants, salons, and spas.

Credit and Community Development Needs and Opportunities

Considering information from the community contacts, bank management, and demographic and economic data, examiners determined that credit for small businesses affected by the pandemic is a primary need in the AA. Additionally, affordable housing represents a primary credit need as homelessness continues to rise in the AA and the demand for affordable housing units far outweighs the current supply.

CONCLUSIONS ON PERFORMANCE CRITERIA IN LOS ANGELES AA

LENDING TEST

Lending Test performance in the Los Angeles AA is excellent.

Geographic Distribution

The geographic distribution of small business loans reflects excellent dispersion throughout the AA. SBOIC's lending performance in LMI CTs outperformed the corresponding business demographic data for 2019, 2020, and 2021. The bank's small business lending performance was generally consistent throughout the review period.

Geographic Distribution of Small Business Loans					
Assessment Area: Los Angeles AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	4.6	7	25.9	2,238	35.5
2020	4.6	2	7.1	310	5.8
2021	4.8	3	7.9	514	6.1
Moderate					
2019	18.6	12	44.4	1,920	30.5
2020	18.9	14	50.0	1,741	32.8
2021	19.2	18	47.4	3,482	41.1
Middle					
2019	21.3	0	0.0	0	0.0
2020	21.2	1	3.6	390	7.3
2021	21.2	2	5.3	72	0.8
Upper					
2019	53.1	7	25.9	2,090	33.2
2020	52.8	9	32.1	2,809	52.8
2021	52.6	13	34.2	3,588	42.3
Not Available					
2019	2.3	1	3.7	50	0.8
2020	2.4	2	7.1	66	1.2
2021	2.3	2	5.3	823	9.7
Totals					
2019	100.0	27	100.0	6,298	100.0
2020	100.0	28	100.0	5,316	100.0
2021	100.0	38	100.0	8,479	100.0
Source: 2019, 2020 & 2021 D&B Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Borrower Profile

The distribution of borrowers reflects excellent penetration among business of different revenue sizes in the AA. The following table shows the distribution of loans by borrower income level during the evaluation period.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Los Angeles AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	89.2	22	81.5	4,758	75.5
2020	89.7	22	78.6	2,776	52.2
2021	91.0	31	81.6	6,035	71.2
>\$1,000,000					
2019	4.7	5	18.5	1,540	24.5
2020	4.4	6	21.4	2,540	47.8
2021	3.6	7	18.4	2,444	28.8
Revenue Not Available					
2019	6.1	0	0.0	0	0.0
2020	6.0	0	0.0	0	0.0
2021	5.5	0	0.0	0	0.0
Totals					
2019	100.0	27	100.0	6,298	100.0
2020	100.0	28	100.0	5,316	100.0
2021	100.0	38	100.0	8,479	100.0
Source: 2019, 2020 & 2021 D&B Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

In all three years, the bank's lending performance to small businesses is below demographic data. While the percentage of businesses located in the AA reflects small business lending opportunities, not all small businesses have credit needs or are creditworthy.

SBOIC's lending performance improved since the prior evaluation of 61.8 percent in 2017 and 68.8 percent in 2018, and significantly exceeded that of similarly situated institutions within the Los Angeles AA. Overall, when considering all performance context factors, the performance is excellent.

COMMUNITY DEVELOPMENT TEST

SBOIC demonstrated excellent responsiveness to the CD needs of the Los Angeles AA through CD loans, qualified investments, and CD services. Examiners considered the bank's ability and capacity and the need and availability for such opportunities.

Community Development Loans

During the evaluation period, SBOIC originated 8 CD loans totaling approximately \$6.7 million benefitting the Los Angeles AA. This represents a decrease from the 8 loans totaling approximately \$18.5 million at the previous evaluation. The following table shows CD loans by year and purpose.

Community Development Lending										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Starting 4/1/2019	7	5,671	-	-	-	-	-	-	7	5,671
2020	-	-	-	-	-	-	-	-	-	-
2021	1	1,040	-	-	-	-	-	-	1	1,040
YTD 2022	-	-	-	-	-	-	-	-	-	-
Total	8	6,711	-	-	-	-	-	-	8	6,711
<i>Source: Bank Records</i>										

The following are notable examples of the bank's CD lending activity within the Los Angeles AA during the evaluation period:

- In 2019, SBOIC purchased 7 multi-family loans totaling \$5.7 million. Each loan was for the purchase of and secured by one or more multi-family dwellings for LMI individuals or families in the Los Angeles AA.
- In 2021, the bank originated a loan to a small business located in a moderate-income area that will help retain jobs for several LMI individuals.

Qualified Investments

During the evaluation period, SBOIC made 5 qualified equity investments and donations totaling \$1.2 million within the Los Angeles AA. In addition to the bank's equity investments, SBOIC granted 77 donations totaling \$89,000. Overall, the bank's dollar volume of equity investments decreased since the previous evaluation where the bank made 6 equity investments totaling \$1.9 million. Lastly, the bank's volume of donations increased from the previous evaluation where the bank granted 25 donations for \$57,043. The following table shows CD investments by year and purpose.

Qualified Investments										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	-	-	-	-	-	-	-	-	-	-
Starting 4/1/2019	1	249	-	-	-	-	-	-	1	249
2020	-	-	-	-	2	498	-	-	2	498
2021	-	-	-	-	2	498	-	-	2	498
YTD 2022	-	-	-	-	-	-	-	-	-	-
Subtotal	1	249	-	-	4	996	-	-	5	1,245
Qualified Grants & Donations	11	13	46	57	13	12	7	7	77	89
Total	12	262	46	57	17	1,008	7	7	82	1,334
<i>Source: Bank Records</i>										

Below are notable examples of the bank's CD investment and donation activities:

- The bank invested in two minority-owned financial institutions totaling \$1.2 million in certificates of deposits.
- The bank donated several thousands of dollars to organizations that provide scholarships for LMI students.
- In 2021, the bank donated \$4,000 to four affordable housing organizations.

Community Development Services

During the evaluation period, bank personnel provided 1,729 CD service hours that benefitted the Los Angeles AA. The number of organizations and qualified CD service hours is significantly higher than the previous evaluation, where the bank provided 745 hours of CD service in the AA.

Community Development Services					
Activity Year	Affordable Housing	Community Services	Economic Development	Revitalize or Stabilize	Totals
	#	#	#	#	#
Starting 4/1/2019	5	406	41	-	452
2020	7	414	3	-	424
2021	-	720	-	4	724
YTD 2022	-	128	-	1	129
Total	12	1,668	44	5	1,729
<i>Source: Bank Records</i>					

Below are notable examples of CD services provided in the Los Angeles AA during the evaluation period:

- Bank staff provided several hours of service to a community service program to assist LMI students with resumes and mock interviews.
- Bank employees provided free income tax preparation services to low-income individuals and families.

SAN JOSE ASSESSMENT AREA – Full-Scope Review

DESCRIPTION OF INSTITUTION’S OPERATIONS IN SAN JOSE

The San Jose AA consists of Santa Clara County. SBOIC currently operates one branch in this AA, and did not open or close any branches in this AA since the prior evaluation. The San Jose AA consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes the geography where the bank's branch is located. A limited amount of the bank's lending and CD activities are contained within this AA, consistent with its footprint and resources.

Economic and Demographic Data

Based on the 2015 ACS Census data, the San Jose AA consists of 372 CTs, of which 34 are low-, 77 are moderate-, 136 are middle-, 124 are upper-income, and 52 have no income designation. The following table illustrates select demographic, housing, and business information within the San Jose AA.

Demographic Information of the Assessment Area						
Assessment Area: San Jose AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	372	9.1	20.7	36.6	33.3	0.3
Population by Geography	1,868,149	9.3	21.3	36.4	33.0	0.2
Housing Units by Geography	646,190	7.8	19.3	37.7	35.2	0.0
Owner-Occupied Units by Geography	352,836	4.4	15.5	36.7	43.5	0.0
Occupied Rental Units by Geography	268,627	12.4	24.3	39.1	24.1	0.0
Vacant Units by Geography	24,727	6.9	18.6	38.2	36.3	0.0
Businesses by Geography	186,868	5.6	18.5	35.6	40.2	0.1
Farms by Geography	2,665	7.1	20.7	38.0	34.0	0.1
Family Distribution by Income Level	446,734	23.8	15.5	18.5	42.2	0.0
Household Distribution by Income Level	621,463	25.7	15.0	17.0	42.3	0.0
Median Family Income MSA - 41940 San Jose-Sunnyvale-Santa Clara, CA MSA		\$107,126	Median Housing Value			\$747,747
			Median Gross Rent			\$1,732
			Families Below Poverty Level			6.4%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2021 D&B data, there are 186,868 businesses in the AA of which 165,909 have revenues of \$1 million or less. GARs for these businesses are as follows:

- 88.8 percent have revenues of \$1 million or less,
- 4.4 percent have revenues more than \$1 million, and
- 6.8 percent did not report revenues.

Service industries represent the largest portion of businesses at 43.6 percent followed by non-classifiable establishments at 19.1 percent; finance, insurance, and real estate at 10.5 percent; and retail trade at 10.0 percent. Approximately 64.1 percent of businesses have 4 or fewer employees and 92.1 percent operate from a single location.

The following table shows FFIEC-estimated median family incomes in the San Jose AA throughout the evaluation period.

San Jose AA Median Family Income				
Median Family Incomes	Low <50%	Moderate 50% to <80%	Middle 80% to <120%	Upper ≥120%
2019 (\$129,900)	<\$64,950	\$64,950 to <\$103,920	\$103,920 to <\$155,880	≥\$155,880
2020 (\$139,800)	<\$69,900	\$69,900 to <\$111,840	\$111,840 to <\$167,760	≥\$167,760
2021 (\$148,700)	<\$74,350	\$74,350 to <\$118,960	\$118,960 to <\$178,440	≥\$178,440
<i>Source: FFIEC</i>				

Santa Clara County

Based on Moody's Analytics published as of December 2021, the economic recovery rate in the area exceeds most of the San Francisco Bay Area but trails behind the state and national rates. Since the pandemic unemployment highs, the rate has steadily declined and currently sits at 2.9 percent. Through 2021, the area has recovered approximately two-thirds of lost jobs and growth is improving with technology leading employment creation. Retail employment has stalled and local government positions are declining. Housing prices in the area continue to rise. Economic strengths in the area include access to venture capital, highly skilled workers, and tech-centered higher education institutions that provide a supply of qualified workers. Economic weaknesses include traffic congestion, regulatory hurdles, high costs (for business and living), and tech industries exposed to large cyclical booms and busts. The top employers include Cisco Systems Inc., Alphabet Inc., and eBay Inc.

Competition

This AA is highly competitive in the market for financial services. According to FDIC Deposit Market Share data as of June 30, 2021, 45 financial institutions operated 346 branch offices within the San Jose AA. Of these institutions, SBOIC ranked 32nd with less than 1.0 percent deposit market share. The top 3 financial institutions account for 69.4 percent of the total deposit market share: Silicon Valley Bank at 46.3 percent; Wells Fargo Bank, N.A. at 13.1 percent; and Bank of America N.A. at 10.0 percent.

According to the 2020 aggregate reported loan data, which is the most recent data available as of the evaluation date, 198 institutions reported 60,714 small business loans in the San Jose AA, indicating a highly competitive market for small business loans. The 5 most prominent small business lenders accounted for 62.5 percent of total market share: Bank of America, N.A. at 17.8 percent; Chase Bank USA, N.A. at 14.6 percent; American Express National Bank at 13.1 percent; Wells Fargo Bank, N.A. at 13.0 percent; and Citibank, N.A. at 4.1 percent.

Community Contact

Examiners contacted a representative of a CDFI that has a primary purpose of providing loan capital access to small businesses. The CDFI also provides technical assistance support to entrepreneurs, which includes direct coaching, webinars, access to a free online resource, and facilitating grant opportunities. The contact stated that the primary credit needs of the community include loans and technical assistance for small businesses.

Credit and Community Development Needs and Opportunities

Based on information gathered from the community contact, the bank, available economic data, and demographic data, examiners determined that small business loans and small business technical assistance are needs in the AA. Given the high costs of living, affordable housing is also a need in the community.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SAN JOSE

LENDING TEST

Lending Test performance in the San Jose AA is adequate.

Geographic Distribution

The geographic distribution of small business loans reflects reasonable dispersion throughout the AA. However, the low volume of small business lending in the San Jose AA provides limited support for the conclusions. In all three years, SBOIC's lending performance in low-income CTs outperformed the corresponding business demographic data, while performance in moderate-income CTs was below the demographic data. The bank's small business lending performance was generally consistent throughout the review period.

Geographic Distribution of Small Business Loans						
Assessment Area: San Jose AA						
Tract Income Level	% of Businesses	#	%	\$(000s)	%	
Low						
2019	5.5	5	50.0	607		15.6
2020	5.6	5	50.0	135		6.3
2021	5.6	2	20.0	60		4.5
Moderate						
2019	18.2	1	10.0	150		3.9
2020	18.5	0	0.0	0		0.0
2021	18.5	1	10.0	118		8.8
Middle						
2019	35.8	4	40.0	3,132		80.5
2020	35.7	5	50.0	2,009		93.7
2021	35.6	6	60.0	1,157		86.0
Upper						
2019	40.4	0	0.0	0		0.0
2020	40.1	0	0.0	0		0.0
2021	40.2	1	10.0	10		0.7
Not Available						
2019	0.1	0	0.0	0		0.0
2020	0.1	0	0.0	0		0.0
2021	0.1	0	0.0	0		0.0
Totals						
2019	100.0	10	100.0	3,889		100.0
2020	100.0	10	100.0	2,144		100.0
2021	100.0	10	100.0	1,345		100.0
Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

The distribution of borrowers reflects reasonable penetration among business customers of different revenue sizes in the AA. However, the low volume of small business lending in the AA provides limited support for the conclusions. The bank's lending performance to small businesses with GARs of \$1.0 million or less is below the demographic data in 2019 and 2020 and above the demographic data in 2021. The bank's lending performance is consistent throughout the review period.

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: San Jose AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	87.4	6	60.0	739	19.0
2020	87.8	7	70.0	175	8.2
2021	88.8	9	90.0	345	25.7
>\$1,000,000					
2019	5.3	4	40.0	3,150	81.0
2020	5.0	3	30.0	1,969	91.8
2021	4.4	1	10.0	1,000	74.3
Revenue Not Available					
2019	7.2	0	0.0	0	0.0
2020	7.2	0	0.0	0	0.0
2021	6.8	0	0.0	0	0.0
Totals					
2019	100.0	10	100.0	3,889	100.0
2020	100.0	10	100.0	2,144	100.0
2021	100.0	10	100.0	1,345	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

SBOIC demonstrated adequate responsiveness to the CD needs of the San Jose AA through CD loans, qualified investments, and CD services. Examiners considered the bank's ability and capacity and the need and availability for such opportunities.

Community Development Loans

SBOIC did not make any CD loans in the San Jose AA during the evaluation period. This level of activity is the same as the previous evaluation.

Qualified Investments

SBOIC made 3 qualified equity investments and donations totaling \$2.4 million within the AA. All three investments were mortgage-backed securities, which help support affordable housing units. In addition to the bank's equity investments, SBOIC also granted 24 donations totaling approximately

\$17,000. This level of performance represents a substantial increase compared to the previous evaluation where the bank had 2 investments totaling \$1.7 million.

Qualified Investments and Donations										
Activity Year	Affordable Housing		Community Services		Economic Development		Revitalize or Stabilize		Totals	
	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)	#	\$(000s)
Prior Period	2	1,738	-	-	-	-	-	-	2	1,738
Starting 4/1/2019	1	633	-	-	-	-	-	-	1	633
2020	-	-	-	-	-	-	-	-	-	-
2021	-	-	-	-	-	-	-	-	-	-
YTD 2022	-	-	-	-	-	-	-	-	-	-
Subtotal	3	2,371	-	-	-	-	-	-	3	2,371
Qualified Grants & Donations	12	9	11	7	-	-	1	1	24	17
Total	15	2,380	11	7	-	-	1	1	27	2,388
<i>Source: Bank Records</i>										

Below are notable examples of the bank's CD donation activities:

- In 2020, the bank donated \$3,500 to four affordable housing programs.
- In 2021, the bank donated \$1,500 to an organization that provides scholarships for LMI students.

Community Development Services

During the evaluation period, bank employees provided 75 CD service hours supporting community services and affordable housing initiatives in the AA. Most of the hours consisted of providing financial literacy education and reviewing scholarships for LMI students. The total CD service hours represents a significant increase compared to the previous evaluation where employees provided 6 hours of qualified CD service hours.

SAN DIEGO ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN SAN DIEGO

The San Diego AA includes all of San Diego County. SBOIC currently operates one branch in this AA. The San Diego AA consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes the geography where the bank's branch is located. A limited amount of the bank's lending and CD activities is contained within this AA, consistent with its footprint and resources.

Demographic Data

The following table illustrates select demographic, housing, and business information within the San Diego AA.

Demographic Information of the Assessment Area						
Assessment Area: San Diego AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	628	9.7	22.6	32.5	34.1	1.1
Population by Geography	3,223,096	8.9	23.6	32.5	34.7	0.3
Housing Units by Geography	1,180,806	7.7	21.7	34.2	36.5	0.0
Owner-Occupied Units by Geography	579,079	2.8	15.1	35.5	46.6	0.0
Occupied Rental Units by Geography	515,078	13.1	28.8	32.8	25.2	0.0
Vacant Units by Geography	86,649	7.6	22.8	33.8	35.8	0.0
Businesses by Geography	345,784	5.6	14.7	34.7	44.9	0.1
Farms by Geography	6,598	4.1	17.2	37.6	41.1	0.0
Family Distribution by Income Level	731,328	23.6	16.9	17.8	41.7	0.0
Household Distribution by Income Level	1,094,157	24.8	15.7	17.1	42.4	0.0
Median Family Income MSA - 41740 San Diego-Chula Vista- Carlsbad, CA MSA		\$75,179	Median Housing Value			\$458,248
			Median Gross Rent			\$1,404
			Families Below Poverty Level			10.6%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2021 D&B data, there are 345,784 businesses in the AA of which 311,463 have revenues of \$1 million or less. The unemployment rate for the county is 4.1 percent. The AA's largest employers include University California, 32nd Street Naval Station, and MMCS MCRD.

CONCLUSIONS ON PERFORMANCE CRITERIA IN SAN DIEGO

LENDING TEST

The institution's lending performance in the San Diego AA is consistent with the institution's lending performance in the AAs within the MSA portions of the state that were reviewed using full-scope examination procedures.

Geographic Distribution

Geographic Distribution of Small Business Loans					
Assessment Area: San Diego AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	5.5	0	0.0	0	0.0
2020	5.5	3	30.0	567	29.2
2021	5.6	2	16.7	386	14.6
Moderate					
2019	14.9	3	75.0	430	86.9
2020	14.9	3	30.0	573	29.5
2021	14.7	5	41.7	1,134	43.0
Middle					
2019	34.9	0	0.0	0	0.0
2020	34.8	2	20.0	47	2.4
2021	34.7	2	16.7	117	4.4
Upper					
2019	44.5	1	25.0	65	13.1
2020	44.6	2	20.0	755	38.9
2021	44.9	3	25.0	1,003	38.0
Not Available					
2019	0.2	0	0.0	0	0.0
2020	0.2	0	0.0	0	0.0
2021	0.1	0	0.0	0	0.0
Totals					
2019	100.0	4	100.0	495	100.0
2020	100.0	10	100.0	1,942	100.0
2021	100.0	12	100.0	2,640	100.0
Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%					

Borrower Profile

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: San Diego AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	88.8	4	100.0	495	100.0
2020	89.1	6	60.0	946	48.7
2021	90.1	8	66.7	1,304	49.4
>\$1,000,000					
2019	4.5	0	0.0	0	0.0
2020	4.2	4	40.0	996	51.3
2021	3.7	4	33.3	1,336	50.6
Revenue Not Available					
2019	6.7	0	0.0	0	0.0
2020	6.7	0	0.0	0	0.0
2021	6.3	0	0.0	0	0.0
Totals					
2019	100.0	4	100.0	495	100.0
2020	100.0	10	100.0	1,942	100.0
2021	100.0	12	100.0	2,640	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the San Diego AA is consistent with the institution's CD performance in the AAs within the MSA portions of the state that were reviewed using full-scope examination procedures. During the review period, the bank originated 2 CD loans totaling \$1.3 million, allocated \$5.1 million in qualified investments and donations, and provided 74 CD service hours within the AA.

FREMONT ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FREMONT

The Fremont AA includes the cities of Fremont, Newark and Union City in Alameda County. The assessment area includes a partial county due to limited resources in the Fremont area. SBOIC currently operates one branch in this AA. The AA consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes the geography where the bank's branch is located.

Demographic Data

The following table illustrates select demographic, housing, and business information within the Fremont AA.

Demographic Information of the Assessment Area						
Assessment Area: Fremont AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	66	0.0	10.6	45.5	43.9	0.0
Population by Geography	341,348	0.0	10.5	48.0	41.5	0.0
Housing Units by Geography	110,349	0.0	10.0	47.9	42.2	0.0
Owner-Occupied Units by Geography	67,703	0.0	7.2	45.7	47.1	0.0
Occupied Rental Units by Geography	38,601	0.0	14.7	50.9	34.5	0.0
Vacant Units by Geography	4,045	0.0	10.8	56.1	33.2	0.0
Businesses by Geography	29,598	0.0	11.7	38.0	50.4	0.0
Farms by Geography	319	0.0	13.2	42.0	44.8	0.0
Family Distribution by Income Level	84,913	17.2	14.3	20.5	48.0	0.0
Household Distribution by Income Level	106,304	17.1	12.4	16.6	54.0	0.0
Median Family Income MSA - 36084 Oakland-Berkeley-Livermore, CA		\$93,822	Median Housing Value			\$594,907
			Median Gross Rent			\$1,725
			Families Below Poverty Level			4.5%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2021 D&B data, there are 29,598 businesses in the AA of which 26,054 have revenues of \$1 million or less. The unemployment rate for the county is 3.8 percent. The AA's largest employers include University of California, Western Digital, and Chevron Corp.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FREMONT

LENDING TEST

The institution's lending performance in the Fremont AA is consistent with the institution's lending performance in the AAs within the MSA portions of the state that were reviewed using full-scope examination procedures.

Geographic Distribution

Geographic Distribution of Small Business Loans					
Assessment Area: Fremont AA					
Tract Income Level	% of Businesses	#	%	\$(000s)	%
Low					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
Moderate					
2019	11.5	0	0.0	0	0.0
2020	11.6	0	0.0	0	0.0
2021	11.7	1	33.3	15	27.8
Middle					
2019	37.2	0	0.0	0	0.0
2020	37.4	2	100.0	303	100.0
2021	38.0	1	33.3	10	18.5
Upper					
2019	51.3	0	0.0	0	0.0
2020	51.1	0	0.0	0	0.0
2021	50.4	1	33.3	29	53.7
Not Available					
2019	0.0	0	0.0	0	0.0
2020	0.0	0	0.0	0	0.0
2021	0.0	0	0.0	0	0.0
Totals					
2019	100.0	0	0.0	0	0.0
2020	100.0	2	100.0	303	100.0
2021	100.0	3	100.0	54	100.0
Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data, "--" data not available. Due to rounding, totals may not equal 100.0%					

Borrower Profile

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Fremont AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	86.2	0	0.0	0	0.0
2020	86.5	2	100.0	303	100.0
2021	88.0	3	100.0	54	100.0
>\$1,000,000					
2019	6.1	0	0.0	0	0.0
2020	5.9	0	0.0	0	0.0
2021	5.0	0	0.0	0	0.0
Revenue Not Available					
2019	7.7	0	0.0	0	0.0
2020	7.7	0	0.0	0	0.0
2021	7.0	0	0.0	0	0.0
Totals					
2019	100.0	0	0.0	0	0.0
2020	100.0	2	100.0	303	100.0
2021	100.0	3	100.0	54	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; 2019 & 2020 CRA Aggregate Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Fremont AA is consistent with the institution's CD performance in the AAs within the MSA portions of the state that were reviewed using full-scope examination procedures. During the review period, the bank originated no CD loans, allocated \$466,000 in qualified investments and donations, and provided 397 CD service hours within the AA.

FRESNO ASSESSMENT AREA – Limited-Scope Review

DESCRIPTION OF INSTITUTION'S OPERATIONS IN FRESNO

The Fremont AA includes all of Fresno County. SBOIC currently operates one branch in this AA. The AA consists of whole geographies, does not arbitrarily exclude LMI geographies, and includes the geography where the bank's branch is located.

Demographic Data

The following table illustrates select demographic, housing, and business information within the Fresno AA.

Demographic Information of the Assessment Area						
Assessment Area: Fresno AA						
Demographic Characteristics	#	Low % of #	Moderate % of #	Middle % of #	Upper % of #	NA* % of #
Geographies (Census Tracts)	199	9.0	34.2	21.6	34.2	1.0
Population by Geography	956,749	8.5	33.6	23.2	34.0	0.7
Housing Units by Geography	321,955	7.6	31.8	22.7	37.7	0.2
Owner-Occupied Units by Geography	156,474	3.2	23.2	22.4	51.1	0.0
Occupied Rental Units by Geography	139,831	12.2	41.6	23.7	22.1	0.3
Vacant Units by Geography	25,650	9.5	30.4	19.1	40.7	0.3
Businesses by Geography	63,186	6.3	26.2	21.6	44.6	1.3
Farms by Geography	3,437	4.0	28.2	28.7	39.0	0.1
Family Distribution by Income Level	216,106	25.3	15.9	16.3	42.5	0.0
Household Distribution by Income Level	296,305	25.2	16.2	15.8	42.8	0.0
Median Family Income MSA - 23420 Fresno, CA MSA		\$49,999	Median Housing Value			\$187,549
			Median Gross Rent			\$915
			Families Below Poverty Level			21.9%
Source: 2015 ACS and 2021 D&B Data Due to rounding, totals may not equal 100.0% (*) The NA category consists of geographies that have not been assigned an income classification.						

According to 2021 D&B data, there are 63,186 businesses in the AA of which 55,300 have revenues of \$1 million or less. The unemployment rate for the county is 7.3 percent. The AA's largest employers include Community Medical Center, Kaiser Permanente, and Saint Agnes Medical Center.

CONCLUSIONS ON PERFORMANCE CRITERIA IN FRESNO

LENDING TEST

The institution's lending performance in the Fresno AA is consistent with the institution's lending performance in the AAs within the MSA portions of the state that were reviewed using full-scope examination procedures.

Geographic Distribution

Geographic Distribution of Small Business Loans						
Assessment Area: Fresno AA						
Tract Income Level	% of Businesses	#	%	\$(000s)	%	
Low						
2019	6.5	1	5.6	170	2.8	
2020	6.4	4	10.3	436	3.9	
2021	6.3	2	6.7	400	10.0	
Moderate						
2019	27.1	7	38.9	2,972	48.8	
2020	26.9	21	53.8	7,140	63.8	
2021	26.2	17	56.7	2,064	51.7	
Middle						
2019	21.3	5	27.8	1,976	32.4	
2020	21.5	5	12.8	1,108	9.9	
2021	21.6	6	20.0	1,014	25.4	
Upper						
2019	43.8	5	27.8	975	16.0	
2020	43.9	9	23.1	2,513	22.4	
2021	44.6	4	13.3	463	11.6	
Not Available						
2019	1.3	0	0.0	0	0.0	
2020	1.3	0	0.0	0	0.0	
2021	1.3	1	3.3	50	1.3	
Totals						
2019	100.0	18	100.0	6,093	100.0	
2020	100.0	39	100.0	11,197	100.0	
2021	100.0	30	100.0	3,991	100.0	
Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%						

Borrower Profile

Distribution of Small Business Loans by Gross Annual Revenue Category					
Assessment Area: Fresno AA					
Gross Revenue Level	% of Businesses	#	%	\$(000s)	%
<=\$1,000,000					
2019	85.3	13	72.2	3,603	59.1
2020	85.9	28	71.8	6,126	54.7
2021	87.5	21	70.0	2,404	60.2
>\$1,000,000					
2019	5.0	5	27.8	2,490	40.9
2020	4.6	11	28.2	5,071	45.3
2021	4.0	9	30.0	1,587	39.8
Revenue Not Available					
2019	9.8	0	0.0	0	0.0
2020	9.5	0	0.0	0	0.0
2021	8.5	0	0.0	0	0.0
Totals					
2019	100.0	18	100.0	6,093	100.0
2020	100.0	39	100.0	11,197	100.0
2021	100.0	30	100.0	3,991	100.0
<i>Source: 2019, 2020 & 2021 D&B Data; Bank Data; "--" data not available. Due to rounding, totals may not equal 100.0%</i>					

COMMUNITY DEVELOPMENT TEST

The institution's CD performance in the Fresno AA is consistent with the institution's CD performance in the AAs within the MSA portions of the state that were reviewed using full-scope examination procedures. During the review period, the bank originated 10 CD loans totaling \$34.2 million, allocated \$3.1 million in qualified investments and donations, and provided 137 CD service hours within the AA.

APPENDICES

INTERMEDIATE SMALL BANK PERFORMANCE CRITERIA

Lending Test

The Lending Test evaluates the bank's record of helping to meet the credit needs of its assessment area(s) by considering the following criteria:

- 1) The bank's loan-to-deposit ratio, adjusted for seasonal variation, and, as appropriate, other lending-related activities, such as loan originations for sale to the secondary markets, community development loans, or qualified investments;
- 2) The percentage of loans, and as appropriate, other lending-related activities located in the bank's assessment area(s);
- 3) The geographic distribution of the bank's loans;
- 4) The bank's record of lending to and, as appropriate, engaging in other lending-related activities for borrowers of different income levels and businesses and farms of different sizes; and
- 5) The bank's record of taking action, if warranted, in response to written complaints about its performance in helping to meet credit needs in its assessment area(s).

Community Development Test

The Community Development Test considers the following criteria:

- 1) The number and amount of community development loans;
- 2) The number and amount of qualified investments;
- 3) The extent to which the bank provides community development services; and
- 4) The bank's responsiveness through such activities to community development lending, investment, and service needs.

GLOSSARY

Aggregate Lending: The number of loans originated and purchased by all reporting lenders in specified income categories as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

American Community Survey (ACS): A nationwide United States Census survey that produces demographic, social, housing, and economic estimates in the form of five year estimates based on population thresholds.

Area Median Income: The median family income for the MSA, if a person or geography is located in an MSA; or the statewide nonmetropolitan median family income, if a person or geography is located outside an MSA.

Assessment Area: A geographic area delineated by the bank under the requirements of the Community Reinvestment Act.

Census Tract: A small, relatively permanent statistical subdivision of a county or equivalent entity. The primary purpose of census tracts is to provide a stable set of geographic units for the presentation of statistical data. Census tracts generally have a population size between 1,200 and 8,000 people, with an optimum size of 4,000 people. Census tract boundaries generally follow visible and identifiable features, but they may follow nonvisible legal boundaries in some instances. State and county boundaries always are census tract boundaries.

Combined Statistical Area (CSA): A combination of several adjacent metropolitan statistical areas or micropolitan statistical areas or a mix of the two, which are linked by economic ties.

Community Development: For loans, investments, and services to qualify as community development activities, their primary purpose must:

- (1) Support affordable housing for low- and moderate-income individuals;
- (2) Target community services toward low- and moderate-income individuals;
- (3) Promote economic development by financing small businesses or farms; or
- (4) Provide activities that revitalize or stabilize low- and moderate-income geographies, designated disaster areas, or distressed or underserved nonmetropolitan middle-income geographies.

Community Development Corporation (CDC): A CDC allows banks and holding companies to make equity type of investments in community development projects. Bank CDCs can develop innovative debt instruments or provide near-equity investments tailored to the development needs of the community. Bank CDCs are also tailored to their financial and marketing needs. A CDC may purchase, own, rehabilitate, construct, manage, and sell real property. Also, it may make equity or debt investments in development projects and in local businesses. The CDC activities are expected to directly benefit low- and moderate-income groups, and the investment dollars should not represent an undue risk on the banking organization.

Community Development Financial Institutions (CDFIs): CDFIs are private intermediaries (either for profit or nonprofit) with community development as their primary mission. A CDFI facilitates the flow of lending and investment capital into distressed communities and to individuals who have been unable to take advantage of the services offered by traditional financial institutions. Some basic types of CDFIs include community development banks, community development loan funds, community development credit unions, micro enterprise funds, and community development venture capital funds.

A certified CDFI must meet eligibility requirements. These requirements include the following:

- Having a primary mission of promoting community development;
- Serving an investment area or target population;
- Providing development services;
- Maintaining accountability to residents of its investment area or targeted population through representation on its governing board of directors, or by other means;
- Not constituting an agency or instrumentality of the United States, of any state or political subdivision of a state.

Community Development Loan: A loan that:

- (1) Has as its primary purpose community development; and
- (2) Except in the case of a wholesale or limited purpose bank:
 - (i) Has not been reported or collected by the bank or an affiliate for consideration in the bank's assessment area as a home mortgage, small business, small farm, or consumer loan, unless it is a multifamily dwelling loan (as described in Appendix A to Part 203 of this title); and
 - (ii) Benefits the bank's assessment area(s) or a broader statewide or regional area including the bank's assessment area(s).

Community Development Service: A service that:

- (1) Has as its primary purpose community development;
- (2) Is related to the provision of financial services; and
- (3) Has not been considered in the evaluation of the bank's retail banking services under § 345.24(d).

Consumer Loan(s): A loan(s) to one or more individuals for household, family, or other personal expenditures. A consumer loan does not include a home mortgage, small business, or small farm loan. This definition includes the following categories: motor vehicle loans, credit card loans, home equity loans, other secured consumer loans, and other unsecured consumer loans.

Core Based Statistical Area (CBSA): The county or counties or equivalent entities associated with at least one core (urbanized area or urban cluster) of at least 10,000 population, plus adjacent counties having a high degree of social and economic integration with the core as measured through commuting ties with the counties associated with the core. Metropolitan and Micropolitan Statistical Areas are the two categories of CBSAs.

Distressed Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as distressed if it is in a county that meets one or more of the following triggers:

- (1) An unemployment rate of at least 1.5 times the national average;
- (2) A poverty rate of 20 percent or more; or
- (3) A population loss of 10 percent or more between the previous and most recent decennial census or a net migration loss of 5 percent or more over the 5-year period preceding the most recent census.

Family: Includes a householder and one or more other persons living in the same household who are related to the householder by birth, marriage, or adoption. The number of family households always equals the number of families; however, a family household may also include non-relatives living with the family. Families are classified by type as either a married-couple family or other family. Other family is further classified into “male householder” (a family with a male householder and no wife present) or “female householder” (a family with a female householder and no husband present).

FFIEC-Estimated Income Data: The Federal Financial Institutions Examination Council (FFIEC) issues annual estimates which update median family income from the metropolitan and nonmetropolitan areas. The FFIEC uses American Community Survey data and factors in information from other sources to arrive at an annual estimate that more closely reflects current economic conditions.

Full-Scope Review: A full-scope review is accomplished when examiners complete all applicable interagency examination procedures for an assessment area. Performance under applicable tests is analyzed considering performance context, quantitative factors (e.g., geographic distribution, borrower profile, and total number and dollar amount of investments), and qualitative factors (e.g., innovativeness, complexity, and responsiveness).

Geography: A census tract delineated by the United States Bureau of the Census in the most recent decennial census.

Home Mortgage Disclosure Act (HMDA): The statute that requires certain mortgage lenders that do business or have banking offices in a metropolitan statistical area to file annual summary reports of their mortgage lending activity. The reports include such data as the race, gender, and the income of applicants; the amount of loan requested; and the disposition of the application (approved, denied, and withdrawn).

Home Mortgage Loans: Includes closed-end mortgage loans or open-end line of credits as defined in the HMDA regulation that are not an excluded transaction per the HMDA regulation.

Housing Unit: Includes a house, an apartment, a mobile home, a group of rooms, or a single room that is occupied as separate living quarters.

Limited-Scope Review: A limited-scope review is accomplished when examiners do not complete all applicable interagency examination procedures for an assessment area.

Performance under applicable tests is often analyzed using only quantitative factors (e.g., geographic distribution, borrower profile, total number and dollar amount of investments, and branch distribution).

Low-Income: Individual income that is less than 50 percent of the area median income, or a median family income that is less than 50 percent in the case of a geography.

Low Income Housing Tax Credit: The Low-Income Housing Tax Credit Program is a housing program contained within the Internal Revenue Code of 1986, as amended. It is administered by the U.S. Department of the Treasury and the Internal Revenue Service. The U.S. Treasury Department distributes low-income housing tax credits to housing credit agencies through the Internal Revenue Service. The housing agencies allocate tax credits on a competitive basis.

Developers who acquire, rehabilitate, or construct low-income rental housing may keep their tax credits. Or, they may sell them to corporations or investor groups, who, as owners of these properties, will be able to reduce their own federal tax payments. The credit can be claimed annually for ten consecutive years. For a project to be eligible, the developer must set aside a specific percentage of units for occupancy by low-income residents. The set-aside requirement remains throughout the compliance period, usually 30 years.

Market Share: The number of loans originated and purchased by the institution as a percentage of the aggregate number of loans originated and purchased by all reporting lenders in the metropolitan area/assessment area.

Median Income: The median income divides the income distribution into two equal parts, one having incomes above the median and other having incomes below the median.

Metropolitan Division (MD): A county or group of counties within a CBSA that contain(s) an urbanized area with a population of at least 2.5 million. A MD is one or more main/secondary counties representing an employment center or centers, plus adjacent counties associated with the main/secondary county or counties through commuting ties.

Metropolitan Statistical Area (MSA): CBSA associated with at least one urbanized area having a population of at least 50,000. The MSA comprises the central county or counties or equivalent entities containing the core, plus adjacent outlying counties having a high degree of social and economic integration with the central county or counties as measured through commuting.

Middle-Income: Individual income that is at least 80 percent and less than 120 percent of the area median income, or a median family income that is at least 80 and less than 120 percent in the case of a geography.

Moderate-Income: Individual income that is at least 50 percent and less than 80 percent of the area median income, or a median family income that is at least 50 and less than 80 percent in the case of a geography.

Multi-family: Refers to a residential structure that contains five or more units.

Nonmetropolitan Area (also known as **non-MSA**): All areas outside of metropolitan areas. The definition of nonmetropolitan area is not consistent with the definition of rural areas. Urban and rural classifications cut across the other hierarchies. For example, there is generally urban and rural territory within metropolitan and nonmetropolitan areas.

Owner-Occupied Units: Includes units occupied by the owner or co-owner, even if the unit has not been fully paid for or is mortgaged.

Qualified Investment: A lawful investment, deposit, membership share, or grant that has as its primary purpose community development.

Rated Area: A rated area is a state or multistate metropolitan area. For an institution with domestic branches in only one state, the institution's CRA rating would be the state rating. If an institution maintains domestic branches in more than one state, the institution will receive a rating for each state in which those branches are located. If an institution maintains domestic branches in two or more states within a multistate metropolitan area, the institution will receive a rating for the multistate metropolitan area.

Rural Area: Territories, populations, and housing units that are not classified as urban.

Small Business Investment Company (SBIC): SBICs are privately-owned investment companies which are licensed and regulated by the Small Business Administration (SBA). SBICs provide long-term loans and/or venture capital to small firms. Because money for venture or risk investments is difficult for small firms to obtain, SBA provides assistance to SBICs to stimulate and supplement the flow of private equity and long-term loan funds to small companies. Venture capitalists participate in the SBIC program to supplement their own private capital with funds borrowed at favorable rates through SBA's guarantee of SBIC debentures. These SBIC debentures are then sold to private investors. An SBIC's success is linked to the growth and profitability of the companies that it finances. Therefore, some SBICs primarily assist businesses with significant growth potential, such as new firms in innovative industries. SBICs finance small firms by providing straight loans and/or equity-type investments. This kind of financing gives them partial ownership of those businesses and the possibility of sharing in the companies' profits as they grow and prosper.

Small Business Loan: A loan included in "loans to small businesses" as defined in the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$1 million or less and are either secured by nonfarm nonresidential properties or are classified as commercial and industrial loans.

Small Farm Loan: A loan included in "loans to small farms" as defined in the instructions for preparation of the Consolidated Report of Condition and Income (Call Report). These loans have original amounts of \$500,000 or less and are either secured by farmland, including farm residential and other improvements, or are classified as loans to finance agricultural production and other loans to farmers.

Underserved Middle-Income Nonmetropolitan Geographies: A nonmetropolitan middle-income geography will be designated as underserved if it meets criteria for population size, density, and dispersion indicating the area's population is sufficiently small, thin, and distant from a population center that the tract is likely to have difficulty financing the fixed costs of meeting essential community needs.

Upper-Income: Individual income that is 120 percent or more of the area median income, or a median family income that is 120 percent or more in the case of a geography.

Urban Area: All territories, populations, and housing units in urbanized areas and in places of 2,500 or more persons outside urbanized areas. More specifically, "urban" consists of territory, persons, and housing units in places of 2,500 or more persons incorporated as cities, villages, boroughs (except in Alaska and New York), and towns (except in the New England states, New York, and Wisconsin).

"Urban" excludes the rural portions of "extended cities"; census designated place of 2,500 or more persons; and other territory, incorporated or unincorporated, including in urbanized areas.